GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:5081
ANSWERED ON:25.04.2003
FUNCTIONING OF FCI
PRABODH PANDA;S. AJAYA KUMAR;SRIPRAKASH JAISWAL;SUNIL KHAN

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Administrative Staff College of India has been asked to look into thefunctioning of Food Corporation of India and suggest ways to make the food management system more viable;

(b) whether the ASCI has suggested that FCI should purchase grains directly from the farmers;

(c) if so, the present system of purchase of grains by the FCI;

(d) the estimated amount being spent annually by FCI to the middlemen for its grain procurement operations; and

(e) the steps taken by the Government to do away with the middlemen system in the FCI`sgrain procurement process and also measures taken to curtail administrative cost of running the Food Corporation of India?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SU MAHARIA)

(a): Yes, Sir. The Administrative Staff College of India, Hyderabad have in their StudyReport suggested measures to reduce the administrative and operational costs of the FCI.

(b): One of the suggestions made in the Report is that the FCI should take up measures forcost control and examine issues related to the direct purchase of grains from the farmers which will save the payment of commission to Arthiyas.

(c): Wheat and paddy are procured directly from the farmers by the FCI in association withState Governments and their Agencies under the price support scheme through procurement centers set up by the FCI and State Government agencies. However, in the States of Punjab and Haryana,purchases are made through Katcha Arthias (Commission Agent) in regulated markets in accordance with the provisions of the State Agricultural Produce Marketing Acts of the respective StateGovernments. Under this system, the Katcha Arthias provide all necessary assistance to the farmers to facilitate the sale of the foodgrains. Stocks are sold through auction and Arthias are paid commission.

(d): The estimated amount paid/payable by FCI to Katcha Arthias on the procurement made for theCentral Pool during 2001-02 is Rs.453 crore.

(e): The system of procuring foodgrains from Arthias is prevalent only in Punjab and Haryana. In these States, wide publicity is given to all farmers regarding procurement at the Minimum Support Prices (MSP) so that the farmers can get full benefit. In other States, procurement of wheat and paddy is, in large part, done directly from farmers.